

VZCZCXRO3937  
OO RUEHGH  
DE RUEHUL #1224/01 2160527  
ZNR UUUUU ZZH  
O 040527Z AUG 09  
FM AMEMBASSY SEOUL  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5197  
RUCPDO/USDOC WASHDC 8943  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEAIIA/CIA WASHINGTON DC//DDI/OEA//  
RHHMUNA/USCINCPAC HONOLULU HI//FPA//  
RUEKJCS/SECDEF WASHINGTON DC  
RUEKJCS/JOINT STAFF WASHINGTON DC  
RUEKDIA/DIA WASHINGTON DC//DB-Z//  
RUEHMO/AMEMBASSY MOSCOW 0094  
RUEHBJ/AMEMBASSY BEIJING 6385  
RUEHKO/AMEMBASSY TOKYO 6467  
RUEHGH/AMCONSUL SHANGHAI 1073  
RUEHSH/AMCONSUL SHENYANG 4816  
RUEHIN/AIT TAIPEI 3787  
RUEHGP/AMEMBASSY SINGAPORE 6983  
RUCNDT/USMISSION USUN NEW YORK 1328  
RUEHGV/USMISSION GENEVA 2647  
RUEHLO/AMEMBASSY LONDON 1724  
RUEHFR/AMEMBASSY PARIS 2334

UNCLAS SECTION 01 OF 05 SEOUL 001224

SIPDIS

E.O. 12958: N/A

TAGS: [PREL](#) [PGOV](#) [MARR](#) [ECON](#) [KPAO](#) [KS](#) [US](#)

SUBJECT: SEOUL - PRESS BULLETIN; August 04, 2009

TOP HEADLINES

-----  
Chosun Ilbo  
Cable News YTN President Gu Bon-hong Offers  
Sudden Resignation

JoongAng Ilbo  
ROK Companies to Supply Car Batteries for BMW and GM

Dong-a Ilbo  
ROKG Pulls Plug on Badly Run Small and Midsized Businesses, Supports  
Blue-chip Midsized Enterprises

Hankook Ilbo  
Another Clash between Police and Ssangyong Motor Labor

Hankyoreh Shinmun  
Fraternal Feuding within Kumho Asiana Group Is Not Over; Fired  
Brother Takes Legal Action to Fight His Dismissal

Segye Ilbo  
Rapid Increase in Foreign Direct Investment in ROK  
Boosts Economic Recovery

Seoul Shinmun  
Childcare Leave Has Yet to Take Root among Civil Servants

DOMESTIC DEVELOPMENTS

-----  
The ROKG is moving to tighten financial rules to freeze funds  
related to terrorism and weapons of mass destruction, which  
observers say could target North Korea. (JoongAng, Dong-a, Seoul,  
Segye)

According to the Ministry of Unification, the ROKG will spend 3.57  
billion won of inter-Korean cooperation funds to finance ROK aid  
groups' humanitarian programs to the North. (All)

ROK nuclear envoy Wi Sung-lac left for Hawaii yesterday to discuss  
the North Korean nuclear issue with U.S. Special Envoy for the

INTERNATIONAL NEWS

Regarding the recent AP story that China has declined Washington's suggestion to discuss a North Korea contingency plan, China's Global Times reported that the U.S.'s proposal is a tactic to drive a wedge between China and North Korea, adding that the moment China begins discussing the plan with the U.S., Sino-North Korean relations will end. (Chosun)

A North Korean defector who was granted refugee status by the U.S. this June said on July 30, "The U.S. is only pretending to accept North Korean defectors" and urged the USG to take more active steps. (Chosun)

The Pentagon is seeking to speed deployment of an ultra-large "bunker-buster" bomb on the most advanced U.S. bomber as soon as July 2010, amid concerns over perceived nuclear threats from North Korea and Iran. (Chosun, Seoul, Segye, all TVs)

MEDIA ANALYSIS

-North Korea

SEOUL 00001224 002 OF 005

Right-of-center JoongAng Ilbo and conservative Dong-a Ilbo reported that the ROKG is moving to tighten financial rules to freeze funds related to terrorism and weapons of mass destruction, which observers say could target North Korea.

All newspapers reported that the ROKG decided yesterday to resume humanitarian aid to the North by allocating 3.57 billion won of inter-Korean cooperation funds to finance ROK aid group programs.

JoongAng Ilbo carried an editorial about a nuclear connection between North Korea and Myanmar. It said: "North Korea is assisting Myanmar's nuclear development, presumably for various reasons. North Korea may want to obtain food in return for its nuclear cooperation, or may intend to provoke the U.S. by fuelling suspicion over nuclear proliferation. What is most worrisome is that North Korea is developing additional nuclear programs indirectly through Myanmar. This could pose a direct threat to us. Also, nuclear development by autocratic Myanmar, which neighbors Thailand, Laos, China, India and Bangladesh, could jeopardize the stability of the entire Asian region."

Regarding the recent AP story that China has declined Washington's suggestion to discuss a North Korea contingency plan, conservative Chosun Ilbo picked up a story by China's Global Times, a sister paper of the People's Daily. The story said that the U.S. proposal, which the ROK backs, is a tactic to drive a wedge between China and North Korea, adding that the moment China begins discussing the plan with the U.S., Sino-North Korean relations will end.

In a related editorial, Chosun Ilbo said: "In the event of a North Korea contingency, observers speculate that China is more likely to resolve the situation through the UN Security Council than to intervene in North Korea militarily... Since North Korea is also a UN member state, it will not be easy for the ROK to gain priority status over the North Korean region just because the two Koreas share the same history and ethnicity. At the UNSC, China and Russia have veto power, which means that they can reject any change if it does not suit their national interests. In the end, the best way to prepare for a post-Kim Jong-il future is to strengthen our relations with the U.S. and China at the same time."

Iran

Conservative Segye Ilbo replayed a story by the online version of the U.K.'s Times, which quoted sources as saying that Iran completed a research program to create weaponized uranium in the summer of

2003 and that it could feasibly make a bomb within a year after an order from its Supreme Leader.

#### OPINIONS/EDITORIALS

##### ROK SHOULD DEVELOP ITS OWN ATTACK HELICOPTERS (Seoul Shinmun, August 4, page 31)

There is a controversy over whether the ROK should introduce next-generation attack helicopters from overseas or should develop its own indigenous attack helicopters. Major attack helicopters such as the 500MD model introduced in 1970 and the AH-1S Cobra deployed in 1988 will become too decrepit to be deployed for operations between 2015 and 2018. Moreover, the last remaining battalion of 24 Apache helicopters, which plays a key role in deterring North Korea, allegedly will be pulled out of the ROK by 2012, when wartime operational control (OPCON) of troops will be transferred to the ROK. Therefore, the ROK should urgently make a decision in either direction.

Confusion arose when the Defense Ministry and the Defense Acquisition Program Administration expressed their interest in introducing used Apache helicopters. Their logic is that if the ROK seeks to develop its own attack helicopters, it will be hard to deploy them within 10 years, potentially posing a danger to national security. The problem is that (used) Apache helicopters provided by the U.S., whose unit price is 21.6 billion dollars, are 25 years old

SEOUL 00001224 003 OF 005

and the ROK should purchase by bulk 500 kinds of discontinued parts that cover 30 years. This led the ROKG to review its plan (to purchase the used helicopters) from the scratch.

The ROK is the world's third largest importer of weapons following China and India. We import more than 70% of our weapons from the U.S. The ROK, which owns more than 600 helicopters, is the world's seventh largest possessor of helicopters but does not produce indigenous ones. This is an outflow of national wealth and (an unnecessary) technological dependence. Product prototypes of the Korean utility helicopter "Surion," which have been developed for a cost of 1.3 trillion won, came out last month despite (initial) opposition and doubt. 90% of the Surion helicopter's parts reportedly can be utilized to develop attack helicopters. There is no reason to import used helicopters when the ROK can manufacture more than 200 helicopters by 2012 and can export them to overseas.

##### WE SHOULD BE CAUTIOUS ABOUT NUCLEAR CONNECTION BETWEEN NORTH KOREA AND MYANMAR (JoongAng Ilbo, August 4, page 34)

There is mounting suspicion that North Korea is helping Myanmar develop its nuclear programs. In 2003, U.S. media reported that North Korean technicians were actively working in Myanmar. In 2006, suspicions were raised at a U.S. Senate hearing that North Korea and Myanmar were cooperating (in nuclear development). This June, a U.S. Senate hearing addressed the same suspicion and last month U.S. Secretary of State Hillary Clinton expressed concerns over military cooperation between North Korea and Myanmar at the ASEAN Regional Forum (ARF). An Australian newspaper reported on August 2, citing the evidence of defectors, that Myanmar is building a nuclear reactor with the help of North Korea, which is expected to be completed in 2014.

(Suspensions over) a nuclear connection between the two countries have not yet been confirmed. However, given North Korea's past record, there seems to be a high possibility (of a nuclear connection.) It is considered a fact that North Korea has cooperated with Iran and Pakistan in developing nuclear and missile programs. Also, it is almost an established fact that North Korea helped Syria build a nuclear reactor. In particular, it has been confirmed that North Korea introduced uranium enrichment technology and some equipment to Pakistan.

North Korea is assisting Myanmar's nuclear development, presumably for various reasons. North Korea may want to obtain food in return for its nuclear cooperation, or may intend to provoke the U.S. by fuelling suspicion over nuclear proliferation. What is most worrisome is that North Korea is developing additional nuclear programs indirectly through Myanmar. Even though North Korea has detonated nuclear bombs in the past, the characteristics of plutonium require that their explosive capability should be tested again every 10 years. However, North Korea reportedly cannot produce stable plutonium for the long term because the Yongbyon nuclear reactors are too old. Therefore, North Korea may want to conduct these types of tests through a proxy such as Myanmar. Moreover, North Korea may seek to cooperate with Myanmar to build a uranium nuclear bomb, which is easily manufactured, does not require a nuclear test and can be possessed for a long time. This could pose a direct threat to us. Also, nuclear development by autocratic Myanmar, which neighbors Thailand, Laos, China, India and Bangladesh, could jeopardize the stability of the entire Asian region.

The ROKG should pay keen attention to the moves made by the two countries by thoroughly exchanging information with the international community. If this nuclear connection is confirmed true, we should put the international coordination system in place to immediately punish and neutralize (the two countries.) The ROK should not let North Korea become a breeding ground for international nuclear proliferation.

SEOUL 00001224 004 OF 005

HOW CAN SEOUL FIND A HEARING OVER N. KOREA?  
(Chosun Ilbo, August 4, 2009, page 31)

Senior officials of the Obama Administration asked China on several occasions to discuss a contingency plan in case the North Korean regime collapses following the death of Kim Jong-il. But as it did during the Bush Administration, China refused.

China's position is that such discussions would only agitate North Korea. Beijing also appears to feel that there is still not enough trust in its relationship with Washington to discuss such sensitive issues. But the mere fact that the prospect of a North Korea without Kim Jong-il keeps being tabled in discussions between the U.S. and China is extremely significant. It means that the fate of Korea could again become an issue of discussion between two outside powers.

In a front-page article on Monday, Chinaview, a sister publication of the People's Daily, reported that the ROK was behind the U.S. government's efforts to press China to form a contingency plan in case of Kim's death. It claimed that this is part of an effort to drive a wedge between China and North Korea, adding that the chances of a North Korean regime collapse are slim.

It may be unrealistic to expect the North Korean regime to collapse as a result of international sanctions or blockades. But the consequences of the death of its supreme leader are extremely difficult to forecast even for China, especially in a country like North Korea where the head of state is treated as a virtual deity. North Korea watchers say Kim's illness is likely to recur in the coming years. That means a major storm is brewing on the Korean Peninsula.

While it refuses to discuss the issue, it is unimaginable that China has not researched or prepared a contingency plan in case of Kim's death. Beijing has been steadily increasing troops deployed along its North Korean border, which can only be seen as part of a plan in case of sudden changes in the North.

For now, there is a strong possibility that China may block any attempts led by the ROK to reunify the Korean peninsula. Moreover, Chinese military intervention in North Korea, using a mutual assistance treaty with Pyongyang as an excuse, is probably included among Beijing's options. For us, this is the worst-case scenario.

If that happens, then our only choice would be to deal with the situation by turning to our alliance with Washington.

In the event of a North Korean contingency, observers speculate that China is more likely to resolve the situation through the UN Security Council than to intervene in North Korea militarily. According to foreign diplomatic sources in Beijing, China views the UNSC as the most viable option in case of a regime collapse in North Korea. Since North Korea is also a UN member state, it will not be easy for the ROK to gain priority status over the North Korean region just because the two Koreas share the same history and ethnicity.

At the UNSC, China and Russia have veto power, which means that they can reject any change if it does not suit their national interests. The ROK is neither a permanent nor a non-permanent member. Japan is elected as a non-permanent member each time. Out of the 15 member nations in the Security Council, how many would be willing to go against China and side with the Republic of Korea?

In the end, the best way to prepare for a post-Kim Jong-il future is to strengthen our relations with the U.S. and China at the same time. We must gather all our diplomatic capabilities and at the same time come up with our own contingency plan for North Korea.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

SEOUL 00001224 005 OF 005

STEPHENS